Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Province of Nova Scotia
Office of Aboriginal Affairs
Review of First Nation Gaming Commissions
Sources and Uses of Funds Analysis
September 2000

Contents

	Page
Introduction	1
Scope of Our Review	2
Overview of Gaming by Community	2
Findings	4
Restrictions and Limitations	5
Schedule 1: Summary of VLT Information	
Schedule 2: Summary of Net VLT Revenue Collected and Sydney Casino Profits Received	
Schedule 3: Summary of Uses of Funds	
Schedule 4: Summary of Recommendations for Systems Improvements	

Appendix – Copies of Sources and Uses of Funds Analyses for the following:

- Acadia First Nation Gaming Commission
- Annapolis Valley Band Gaming Commission
- Chapel Island First Nation Gaming Commission
- Horton Mi'kmaq Gaming Commission
- Millbrook Gaming Commission
- Pictou Landing Band Council
- Shubenacadie Band Gaming Commission
- Wagmatcook First Nation Gaming Commission
- Waycobah First Nation Gaming Commission

First Nation Gaming Commissions
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the First Nation Gaming Commissions who operate through agreements with the Province of Nova Scotia. A review of Eskasoni Gaming Commission was conducted separately and was for the period April 1, 1999 to February 29, 2000.

These agreements allow for video lottery terminals ("VLTs") on-reserve, licensing of charitable gaming activities such as bingo and the distribution of a 50% share of Sydney Casino profits on an annual basis. Aside from an administrative fee of $56 per week per machine paid to the Atlantic Lottery Corporation ("ALC"), all revenues raised through the gaming agreements are retained within the First Nation community. The distribution of revenues between retailers and the Band Gaming Commissions varies by Band and is determined by the Commission.

The following Gaming Commissions were included in our review:

- Acadia First Nation Gaming Commission
- Annapolis Valley Band Gaming Commission
- Chapel Island First Nation Gaming Commission
- Horton Mi'kmaq Gaming Commission
- Millbrook Gaming Commission
- Pictou Landing Band Council
- Shubenacadie Band Gaming Commission
- Wagmatcook First Nation Gaming Commission
- Waycobah First Nation Gaming Commission

The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the various First Nations Bands.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The First Nations Bands report directly to INAC on the uses of general band operations funds.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations. We did not assess the controls surrounding the computer system of the Gaming Commissions.

The following table summarizes the Bands' share of VLT revenue and Sydney Casino profits earned from April 1, 1997 to March 31, 2000. These amounts include the revenues received by the Eskasoni Gaming Commission.

Year (April 1 - March 31)	Total Band Share of VLT Revenues*	Number of VLTs as of March 31	Sydney Casino Profits **
1997 - 1998	$10,646,892.60	403	$ 703,796.50 (1997)
1998 - 1999	$13,596,797.00	394 (average #)	$ 923,063.90 (1998)
1999 - 2000	$15,554,858.94	402	$ 1,512,696.00 (1999)

* *Net of administrative fee paid to ALC.*

** *Figures provided by the Department of Finance for the Sydney Casino profits are calculated the year ending December 31. The profits for 1999 in the amount of $1,512,696.00 had not been received at the date of our review. The profits for 1998 in the amount of $923,063.90 were received during the period of our review.*

Scope of Our Review

The following information was reviewed:

- ✓ Bank statements and sample of cancelled cheques for the bank account(s) relating to the gaming operations;
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Audited financial statements for the years ended March 31, 2000 and March 31, 1999;
- ✓ Gaming agreements between the Province of Nova Scotia and the First Nation Bands.

Overview of Gaming by Community

Acadia First Nation Gaming Commission
Gaming on reserve lands operate out of three locations (Yarmouth, Gold Reserves and Wildcat), with a combined 50 terminals. Approximately half of the funds were paid to the Acadia First Nation Band through a variety of mechanisms. The remaining revenues are primarily used to pay ALC commissions, wages of employees and support the operation and capital needs of the three video lottery terminal locations. Our review did not include the Wildcat location as the Acadia First Nation Gaming Commission was not operating it at the time of the review.

First Nation Gaming Commissions
Sources and Uses of Funds Analysis

Annapolis Valley Band Gaming Commission
There are a total of 18 terminals operating in the Multi-Purpose Centre, which is located on the Reserve. The revenue is primarily used to fund the VLT operations such as paying ALC commissions, wages to employees and payments to the Chair and Commissioners of the Gaming Commission, as well as providing assistance to individual band members and community improvement projects.

Chapel Island First Nation Gaming Commission
During the period of our review, a maximum of 32 terminals were operating out of two locations – Chapel Island Store and Basque Gas & Convenience. The revenue is primarily used to fund the VLT operations such as ALC commissions and employee wages, as well as the purchase of a business and Certificate of Possession.

Horton Mi'kmaq Gaming Commission
There are a total of 18 terminals located on the Reserve in the Horton Variety Store which are 100% Band owned and operated. The Chief and Council have agreed that, on a monthly basis, a minimum of $10,000 be paid to the Gaming Commission for its administration cost. The balance of VLT revenue remains in the general funds of the Horton Variety Store and is under the direct control of the Horton First Nations Band membership.

The funds paid to the Gaming Commission have been used primarily for the purchase and repairs of the Horton Variety Store, and for payment of Christmas bonuses to Band Members, the Chief and Councillors. Sydney Casino profits were distributed to Band members.

Millbrook Gaming Commission
Millbrook Gaming Commission has a total of 110 terminals operating in eight locations. After payment of ALC commissions, the revenue was primarily used to eliminate the Band's deficit.

The yearly deficit is a result of increased spending on economic development, learning and literacy programs for the youth, increased care for the elderly, grants to all members of the Band, and other programs to improve the overall lifestyle and economic conditions on the Reserve. The deficit is not a result of increased social spending as the Band's social expenditures are within the budget established by the Department of Indian Affairs and Northern Development.

Pictou Landing Band Council
During the period of our review, the Band did not operate any terminals. The Band's share of profits from the Sydney Casino were allocated to the Band's Economic Development Commission. These funds were not used during the year and have been set aside to be used for future economic development projects, which have not yet been identified.

Shubenacadie Band Gaming Commission
There are a total of 41 terminals operating in four locations. After payment of gaming related expenditures such as ALC commissions, rent, etc., the remaining revenue was used to fund the Band's deficit.

Wagmatcook First Nation Gaming Commission
During the period under review, the Gaming Commission provided a total of 28 licenses to retailers. As of March 31, 2000, only 24 terminals were operating in three locations. After the payment of ALC commissions, the remaining revenue from VLTs and the Sydney Casino profits were transferred to the Wagmatcook First Nation's Capital and General Funds.

Waycobah First Nation Gaming Commission
During the period under review, the Gaming Commission provided a total of 44 licenses to three retailers. As of March 31, 2000, only 38 licenses were still in use in two locations. During the year, the revenue was primarily used to pay ALC commissions.

Findings

We have extracted data from each of the individual reports to provide the following overall summaries of the Gaming Commissions reviewed:

Schedule 1: Summary of VLT Information, including the locations and owners where the VLT's are located, the number of VLTs at each location, how the VLT revenue is shared and who pays the ALC Commission.

Schedule 2: Summary of Net VLT Revenue Collected and Sydney Casino Profits Received.

Schedule 3: Summary of Uses of Funds.

Schedule 4: Summary of Recommendations for Systems Improvements.

Individual reports for the Gaming Commissions reviewed are attached as appendices.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

SCHEDULE 1
Review of First Nation Gaming Commissions
April 1, 1999 to March 31, 2000
Summary of VLT Information

Location	Owner	Number of VLTs	Net Revenue Share		ALC Payments
			Retailer	Gaming Commission	
Acadia First Nation Gaming Commission					
AFN Enterprises	Band	20	-	100%	Gaming Commission pays 100%
Gold Reserves	Band	20	-	100%	
Annapolis Valley Band Gaming Commission					
Multi-Purpose Centre	Band	18	-	100%	Gaming Commission pays 100%
Chapel Island First Nation Gaming Commission					
Marshall Enterprises	Independent (period operated April 1, 1999 to June 26, 1999)	12	50%	50%	Split 50/50
Chapel Island Store	Band (period operated June 27, 1999 to January 22, 2000)	12	25%	75%	Gaming Commission pays 100%
Basque Gas & Convenience	Independent (period operated April 1, 1999 to September 4, 1999)	16	50%	50%	Split 50/50
Basque Gas & Convenience	Independent (period operated September 4, 1999 to February 26, 2000)	16	25%	75%	Gaming Commission pays 100%
Basque Gas & Convenience	Independent (period operated January 23, 2000 to March 31, 2000)	20	25%	75%	Gaming Commission pays 100%

SCHEDULE 1
Review of First Nation Gaming Commissions
April 1, 1999 to March 31, 2000
Summary of VLT Information

Location	Owner	Number of VLTs	Net Revenue Share		ALC Payments
			Retailer	Gaming Commission	
Horton Mi'kmaq Gaming Commission					
Horton Variety Store	Band	18	A minimum of $10,000 per month is paid to the Gaming Commission. The balance remained in the Horton Variety Store and is under the direct control of the band.		Horton Variety Store pays 100%
Millbrook Gaming Commission					
Treaty Gas, Cole Harbour	Band	40	15%	85%	
Treaty Gas, Truro Heights	Band	20	15%	85%	
Treaty Gas, James Street	Band	11	40%	60%	
	Independent	4	40%	60%	
	Independent	3	40%	60%	Gaming Commission pays 100%
Treaty Gas, Sheet Harbour	Band	8	40%	60%	
Millbrook Video	Independent	7	40%	60%	
Abenaki Road	Independent	3	40%	60%	
Cope's Variety	Independent	7	40%	60%	
Yvette's Variety	Independent	7	40%	60%	
Pictou Landing Band Council	During the period under review, no VLT machines were operated by the Band.				
Shubenacadie Band Gaming Commission					
Indian Brook Gaming Centre*	Band	14	35.60%	64.40%	Gaming Commission pays 100%
JR's Variety	Independent	4	35.60%	64.40%	
Indian Brook Gas Bar	Band (period operated December 1, 1999 to March 31, 2000)	12	35.60%	64.40%	

SCHEDULE 1
Review of First Nation Gaming Commissions
April 1, 1999 to March 31, 2000
Summary of VLT Information

Location	Owner	Number of VLTs	Net Revenue Share		ALC Payments
			Retailer	Gaming Commission	
Maloney Fuels	Independent (period operated April 1, 1999 to November 30, 1999)	12	35.60%	64.40%	
CJ's Pizza	Independent (period operated April 1, 1999 to November 30, 1999)	11	35.60%	64.40%	
Indian Brook Rentals	Band (period operated December 1, 1999 to March 31, 2000)	11	35.60%	64.40%	
* Prior to December 1, 1999, the Shubenacadie Band Gaming Commission retained 100% of the net VLT revenue from the Indian Brook Gaming Centre.					
Wagmatcook First Nation Gaming Commission					
N & N Quickway	Independent	10	50%	50%	Retailer pays $10 per machine
Indian Bay Convenience	Independent	8	50%	50%	Gaming Commission
Steve's Canteen	Independent	6	50%	50%	pays $46 per machine
Waycobah First Nation Gaming Commission					
Rod's One Stop	Band	33	50%	50%	Retailer pays 100%
Cecil's Pizza Snop	Independent	5	50%	50%	

Schedule 2
Review of First Nation Gaming Commissions
Summary of Net VLT Revenue Collected and Sydney Casino Profits Received
April 1, 1999 to March 31, 2000

	Net VLT Revenue Per ALC (Prior to ALC Administrative Fee)	Net VLT Revenue Received and Retained by Gaming Commission	Sydney Casino Profits Received
Acadia First Nation Gaming Commission	$ 2,580,994	$ 2,580,994	$ 82,906 (Note 1)
Annapolis Valley Band Gaming Commission	1,028,118	992,112	34,100
Chapel Island First Nation (Note 2)	690,970	473,722	56,225
Horton Mi'kmaq Gaming Commission	406,515	135,000	39,306
Millbrook Gaming Commission	7,511,031	5,795,627	99,899
Pictou Landing Band Council	Nil	Nil	55,069
Shubenacadie Band Gaming Commission	886,417	523,001	164,974 (Note 1)
Wagmatcook First Nation Gaming Commission	293,502	143,929	63,167
Waycobah First Nation Gaming Commission	1,209,154	539,184	70,181 (Note 1)
Total	**$ 14,606,701**	**$ 11,183,569**	**$ 665,827**

Note 1: The Sydney Casino profit share was deposited into the Band general account and was not accounted for by the Gaming commission.

Note 2: This is the net VLT revenue recorded in the financial statements of the Gaming Commission and the Sydney Casino profits received. The majority of the VLT revenues and the Sydney Casino profits were deposited into the Band's general administration account.

SCHEDULE 3
Review of First Nation Gaming Commissions
Summary of Uses of Funds
April 1, 1999 to March 31, 2000

	ALC Commissions	Gaming Related Expenditures (Including Capital Items) (Note 1)	Community and Economic Development (Note 2)	General Band Operations (Note 3)	Other	Total
Acadia First Nation Gaming Commission	$ 132,664	$ 918,343	$	$ 994,854	(Note 4)	**$ 2,045,861**
Annapolis Valley Band Gaming Commission	52,416	541,128	347,572		206,383 (Note 5)	**1,147,499**
Chapel Island First Nation Gaming Commission (Note 6)	83,944	179,937	13,404		(Note 4)	**277,285**
Horton Mi'Kmaq Gaming Commission		128,549	23,392	20,000	(Note 4)	**171,941**
Millbrook Gaming Commission	320,320	160		3,142,744 (Note 4)	932,904 (Note 7)	**4,396,128**
Pictou Landing Gaming Commission						**Nil**
Shubenacadie Band Gaming Commission	119,392	75,862		370,000	(Note 4)	**565,254**
Wagmatcook First Nation Gaming Commission	34,832	773		157,167		**192,772**

Grant Thornton

SCHEDULE 3
Review of First Nation Gaming Commissions
Summary of Uses of Funds
April 1, 1999 to March 31, 2000

	ALC Commissions	Gaming Related Expenditures (Including Capital Items) (Note 1)	Community and Economic Development (Note 2)	General Band Operations (Note 3)	Other	Total
Waycobah First Nation Gaming Commission	133,280	20			(Note 4)	133,300
	$ 876,848	$ 1,844,772	$ 384,368	$ 4,684,765	$ 1,139,287	$ 8,930,040

Note 1: Gaming related expenditures include disbursements related to the daily operations of the VLTs such as wages, rent, insurance office, etc., as well as capital purchases.

Note 2: Community and Economic Development disbursements are broadly defined to include expenditures made for the socio-economic benefit of the First Nation Community.

Note 3: General Band Operation disbursements include payments/transfers to the Band from the Gaming Commission used at the discretion of Chief and Council.

Note 4: Subsequent to completion of the review, the Band provided additional explanations regarding the uses of the funds generated by the Gaming Commission.

Note 5: Of this amount $161,000 are payments to the Band, which based on discussions with the Gaming Commission, represent reimbursement of expenses paid by the Band on behalf of the Gaming Commission. The remaining $45,383 represents bingo expenditures, net of $15,050 of bingo revenue,

Note 6: These are the amounts reported in the financial statements of the Gaming Commission as representing the uses of the funds. The majority of the revenues were deposited into the band's general administration account. Since we did not have access to this account, we were unable to document how the money was spent.

Note 7: $309,984 represents a repayment by the Gaming Commission to Millbrook Treaty Gas for amounts advanced in previous years. $622,920 represents monies transferred to the Band's Administration Fund to be invested on behalf of the Gaming Commission.

Schedule 4
Review of First Nation Gaming Commissions
Summary of Recommendations for Systems Improvements
April 1, 1999 to March 31, 2000

As part of our assignment, we performed a preliminary review of the internal controls relating to the gaming operations. We did not assess the controls surrounding the computer systems of the gaming commissions.

The weaknesses we noted with suggested recommendations are as follows:

Weakness	Recommendations
A significant discrepancy existed between cash reported to be received by the gaming commission versus the amount ALC reported. (Noted in 1 of 9 reviews)	Discrepancies should be followed up to determine differences. This reconciliation should be performed as soon as the information is available.
Monthly bank reconciliations are not performed by the bookkeeper (Noted in 2 of 9 reviews)	Bank reconciliations should be performed on a monthly basis.
Monthly bank reconciliations were not reviewed by a second individual on a regular basis. (Noted in 8 of 9 reviews)	A person independent of the bookkeeping function should review the bank reconciliation on a monthly basis.
Invoices or documentation to support expenditures were not always maintained on file. (Noted in 2 of 9 reviews)	Invoices for all approved expenditures should be maintained at the gaming commission office. These invoices should be presented at cheque signing.
Individuals who were not authorized signing officers signed cheques. (Noted in 1 of 9 reviews)	Only individuals authorized to sign cheques should be signing the cheques.

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Acadia First Nation Gaming Commission

Sources and Uses of Funds Analysis

April 30, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	2
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	3
Uses of Funds for Period Under Review	4
Restrictions and Limitations	6
Appendix A – Reconciliation of Bank Deposits Compared to Atlantic Lottery Corporation Financial Information	
Appendix B – Summary of Bank of Nova Scotia Account	
Appendix C – Review of Bank Transactions - Cheques, Automatic Withdrawals and Debit Memos Sorted by Payee	
Appendix D – Summary of VLT Operations	

Acadia First Nation Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Acadia First Nation Gaming Commission ("AFNGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Acadia First Nation Band.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the AFNGC. We did not assess the controls surrounding the computer system of AFNGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Acadia First Nation Band reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ AFNGC bank statements and sample of cancelled cheques – Bank of Nova Scotia account # (Gold Reserves) and Bank of Nova Scotia account # (Your Winners World);
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Gold Reserves and Your Winners World audited financial statements for the years ended March 31, 1999 and March 31, 1998;
- ✓ Gaming agreement between the Province of Nova Scotia and the Acadia First Nation Band.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

During the year, the AFNGC had authority over three companies that operated 50 video lottery terminals ("VLT"). The three companies were Your Winners World, 3009999NS Ltd. (Gold Reserves) and 3024502NS Ltd. (Wildcat Entertainment). Effective September 21, 1999, the AFNGC no longer operated Wildcat Entertainment, therefore our report only focuses on Your Winners World and Gold Reserves.

Atlantic Lottery Corporation sends AFNGC weekly financial reports per retailer each Wednesday. The ALC report summarizes the cash in, cash out, net revenue, retailer share and lottery share. AFNGC prepares a daily summary of money that came in and winning tickets paid out. The daily summaries are kept on a spreadsheet that is totaled for the week. AFNGC reviews the printouts from ALC on a periodic basis for reasonableness.

The companies are required to submit an "Acadia Commodity Tax" of 9% of the net revenue as per ALC to Acadia First Nation Band on a monthly basis. Acadia First Nation ("AFN") Council, at a duly convened meeting, passed details in respect to the application, administration, collection and enforcement of this by-law. As well, a royalty of 42% of net revenue is payable to the Acadia First Nation Band to compensate for the use of the licenses held by AFN. The intention is that any transactions between the two related entities be reflected at fair market value. There is no set time that this money must be paid to the Band and is paid whenever the Band requires funding.

ALC automatically withdraws its share of net revenue per week from AFNGC's bank accounts.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the AFNGC's reported revenue and expenses from VLT operations to determine that appropriate amounts were recorded in AFNGC's financial records and were deposited to AFNGC's bank accounts.

The following chart summarizes sources of funds for April 1, 1999 to March 31, 2000:

	Bank Deposits	ALC Net Revenue (Appendix A)	Difference
Your Winners World	$ 6,193,619	$ 1,554,157	$ 4,639,462
Gold Reserves	$ 3,007,800	$ 1,026,837	$ 1,980,963

Reconciliation of Difference

	Your Winners World	Gold Reserves
Total bank deposits in excess of deposits per ALC	$ 4,639,462	$ 1,980,963
(Deposits)/Disbursements to bank regarding non-VLT revenue:		
Tobacco sales collected on behalf of Development Fund	(3,291,980)	(1,312,927)
Retail sales collected on behalf of Development Fund	(94,488)	(80,194)
Break opens collected on behalf of Development Fund	(10,060)	(9,241)
Bottle deposits collected on behalf of Development Fund	(4,304)	(2,234)
Misc. receipts collected on behalf of Development Fund	(22,999)	(15,054)
"Acadia Commodity Tax" remitted to Band – Other Sales	(306,185)	(126,203)
Pay-outs	128,841	94,525
Bank machine float	4,107	5,564
Visa/Debit card	368,780	286,423
Transfers from Bank of Nova Scotia account	(1,402,000)	(823,000)
Cash short and over	(5,970)	193
Adjustments to deposits	-	(64)
US Exchange	(810)	(150)
NSF cheques redeposited		(943)
Reverse cheques	(6,354)	-
Unaccounted for difference	$ (3,960)	$ (2,342)

Appendix A provides a reconciliation of bank deposits compared to Atlantic Lottery Corporation financial information. Appendix B provides a summary of the transactions recorded in the Bank of Nova Scotia account maintained by the companies.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from AFNGC include payments to:

- Your Winners World and Gold Reserves employees
- Acadia First Nation Development Fund
- Acadia First Nation Band Office
- Ulnoweg loan payments
- Transfers to Bank of Nova Scotia account in LaPas, Manitoba

Cheques are prepared by the bookkeeper based on invoice, expense reports, approved time sheets for part-time employees and standard bi-weekly pay for full-time employees. Products or services requiring approval before ordering are approved by the AFNGC and recorded in the minutes. The signing officers review invoices, that are presented with the cheques, before the cheques are signed.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of AFNGC:

Josephine Falls	AFNGC Boardmember
Thomas Pictou	AFNGC Boardmember

Dual signatures are required to authorize a payment. From the review of cancelled cheques for the period of April 1, 1999 to March 31, 2000, the practice of dual signatures was followed. The authenticity of the signatures was not determined.

AFNGC blank cheques are maintained in the gaming office. The blank cheques are kept in the filing cabinet. The gaming office is locked when employees are not present.

Bank reconciliations

Monthly bank reconciliations are performed by the bookkeeper, however, they are not reviewed by a second individual on a regular basis.

Uses of Funds for Period Under Review

Through discussions with the bookkeeper and review of bank statements and cancelled cheques, the uses of AFNGC's funds was determined. A sample of cancelled cheques were reviewed for payee information and were the source of information to document AFNGC's uses of funds (Appendix B).

Acadia First Nation Gaming Commission
Sources and Uses of Funds Analysis

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

	Your Winners World	Gold Reserves
Disbursements related to VLT operations		
ALC commissions	$ 70,224	$ 62,440
AFNGC Employees	302,558	195,983
Advertising	4,403	-
Professional Fees	10,827	5,592
Office and administration	11,209	2,789
Bank Charges	14,021	6,756
Repairs	13,984	1,614
Utilities	17,237	13,249
Insurance	4,715	3,547
Sun Life Canada	20,530	-
Receiver General	64,120	44,165
Christmas Party	8,053	-
Student Awards	1,000	-
Workers Compensation	974	437
Miscellaneous	1,080	3
Capital items	70,730	4,375
Ulnooweg Loan Payments	42,738	51,654
Disbursements related to VLT operations that are reimbursed by AFN		
AFN Chief - travel and meetings *	29,064	-
AFNGC Chairperson - travel and meetings *	12,133	-
AFNGC Board members - travel and meetings *	89,618	-
AFN Council members - travel and meetings *	10,166	-
AFN Band Manager - travel and meetings *	1,511	-
Meeting expenses *	10,530	-
Other		
Transfers to Bank of Nova Scotia account	3,726,000	1,658,000
Payments to Development Fund	1,349,020	437,980
Payments to Acadia First Nation Band **	290,332	551,500
	$ 6,176,777	$ 3,040,084

*** These amounts represent payments that are made by AFNGC on behalf of AFN and charged back, on a monthly basis, to AFN. Under a contract entered into between AFN and AFNGC on April 1, 1997, AFN has agreed to pay the administrative and**

meeting costs associated with the operation of the Commission and its Board members.

**** The payments to Acadia First Nation Band represent the "Acadia commodity tax" and royalties paid net of agency fees collected and the travel and meeting expenses reimbursed by AFN.**

Appendix C provides a listing of cheques, automatic withdrawals and debit memos sorted by payee.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Annapolis Valley Band Gaming Commission

Sources and Uses of Funds Analysis

August 22, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	1
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	3
Uses of Funds for Period Under Review	4
Restrictions and Limitations	6

Appendix A – Summary of Bank Account Disbursements

Annapolis Valley Band Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Annapolis Valley Band Gaming Commission ("AVBGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Annapolis Valley Band.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the AVBGC. We did not assess the controls surrounding the computer system of AVBGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Annapolis Valley Band reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ AVBGC bank statements and sample of cancelled cheques – Royal Bank of Canada account #
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Audited financial statements for the years ended March 31, 1999 and March 31, 2000;
- ✓ Gaming agreement between the Province of Nova Scotia and the Annapolis Valley Band.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

There are a total of 18 video lottery terminals ("VLT") in operation on the Annapolis Valley Band Reserve. These machines are 100% band owned and operated. They are situated in the Multi-Purpose Centre, which is located on Reserve.

At the end of each day, two employees of the Multi-Purpose Centre are responsible to summarize the cash activity for the day. The cash is counted and recorded on a cash count sheet, which is then placed in a safe outside the Gaming Commission Manager's office. The safe can only be unlocked by the Gaming Commission Manager. Each morning, the Manager compares the count sheet to the actual cash received and records the amount in the general ledger. A deposit is prepared and made twice a week by the Manager.

Details respecting employees performing duties at the Multi-Purpose Centre were not readily available at the time of this review.

ALC sends AVBGC weekly financial reports. The ALC report summarizes the cash in, cash out, net revenue, and lottery share. The Gaming Commission Manager reviews the printouts from ALC on a regular basis to compare to actual cash received.

ALC automatically withdraws its share of net revenue per week from AVBGC's bank account.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the AVBGC's reported revenue to determine that appropriate amounts were recorded in AVBGC's financial records and deposited to AVBGC's bank accounts.

Sydney Casino profit share is accounted for in the accounting records of the AVBGC. The amounts received were deposited in the AVBGC bank account on May 11, 1999.

The following chart summarizes sources of funds for April 1, 1999 to March 31, 2000:

ALC Net Revenue	$ 992,112
Sydney Casino Profits	34,100
Bingo Revenue	15,050
Miscellaneous Revenue	4,736
Insurance Proceeds – Bingo Hall Fire	7,094
Ulnooweg Loan	67,000
Economic Development Loan	10,000
Credit Memos	11,026
Matured GICs	160,537
	$ 1,301,655

The VLT revenue recorded per ALC was compared to reported revenue of the AVBGC. The results were as follows:

ALC Net Revenue	$ 1,028,118
AVBGC Net Revenue	992,112
Unaccounted for difference for which no explanation was provided	$ 36,006

Recommendation: Discrepancies between cash reported to be received by the AVBGC versus the ALC information needs to be followed up to determine differences. This reconciliation should be performed as soon as the information is available.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from AVBGC include payments to:

- Individual Band Members
- Chair of Gaming Commission and Commissioners
- Annapolis Valley First Nations ("AVFN")
- Atlantic Lottery Corporation

Appendix A provides a detail listing of disbursements from the AVBGC's bank account.

Cheques are prepared by the bookkeeper based on cheque requisitions, requests from Commissioners, invoices, expense reports and approved time sheets for part-time employees. The majority of expenditures by the AVBGC are initiated and approved by Commissioners. The signing officers review invoices that are presented with the cheques before the cheques are signed. In some cases, supporting invoices were not maintained on file and; therefore, unavailable to be reviewed.

Recommendation: Invoices for approved expenditures should be maintained at the AVBGC office in order to provide sufficient support for authorized expenditures. These invoices should be presented at cheque signing.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of AVBGC:

Brian Toney	Chief of AVFN (to December, 1999)/Chair of Gaming Commission (two year term)
Lawrence Toney	Chief of AVFN/ Chair of Gaming Commission (two year term)
Murray Copage, Sr.	Commissioner of Gaming Commission (to December, 1999) (two year term)
Marilyn L. Toney	Commissioner of Gaming Commission (five year term)
Janette B. Peterson	Commissioner of Gaming Commission (five year term)

Dual signatures are required to authorize payment. From the review of cancelled cheques for the period of April 1, 1999 to March 31, 2000, the practice of dual signatures was followed. The authenticity of the signatures was not determined.

AVBGC blank cheques are maintained in the gaming office. The blank cheques are kept in the filing cabinet. The gaming office is locked when employees are not present.

Bank reconciliations

Monthly bank reconciliations are not performed by the bookkeeper. For the bank reconciliations that were prepared, there was no evidence that they had been reviewed by a second individual.

Recommendation: Bank reconciliations should be performed on a monthly basis. The reconciliations should be reviewed by a person independent of the bookkeeping function.

Uses of Funds for Period Under Review

Through discussions with the bookkeeper, and review of bank statements and cancelled cheques, the uses of AVBGC's funds were determined. Samples of cancelled cheques and supporting documentation, where available, were reviewed.

Annapolis Valley Band Gaming Commission
Sources and Uses of Funds Analysis

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

DESCRIPTION	REFERENCE NUMBER	AMOUNT
Disbursements Related to VLT Operations:		
ALC commissions	7	$ 52,416.00
Wages	11	92,135.74
Advertising	6	1,873.34
Professional fees	8	9,222.94
Office, donations, bank charges and miscellaneous	14	20,889.43
Repairs and maintenance	5	29,564.86
Utilities	37	12,456.73
Insurance	19	7,364.50
Supplies	10	6,647.00
Workshops	15	27,431.50
Cash adjustments/ATM amounts	18	23,405.00
VLT error – adjustment	25	586.00
Other	34	6,990.16
Rent	1	5,000.00
Ulnooweg loan payments	41	13,574.28
ATM machines purchased	42	16,000.00
Payments to Gaming Manager	32	31,080.63
Disbursements related to Gaming Commission:*		
Payments to Chair of Gaming Commission	17	52,978.52
Payments to Gaming Commissioners	13	177,927.00
Travel expenses – Chair	40	6,000.00
Assistance to Band Members for:		
Christmas cheques to Band members	9	39,816.00
Sydney Casino profit distribution	43	33,550.00
Education	12	9,485.65
Recreation and travel expenses	4	44,985.47
Medical expenses	22	2,557.41
Payment of senior's heating oil	33	2,401.97
Grant for DJ business	39	1,800.00
Heating system	3	8,725.00
Paving of Band members' driveways	23	14,650.00
Conferences (Ottawa, Vancouver, Barbados)	27	15,645.47
Community Heritage Trip to Europe – (ten community members)	27	36,290.00

DESCRIPTION	REFERENCE NUMBER	AMOUNT
Housing expenses	28	5,363.33
Pilot training	30	5,000.00
Legal aid, band member	35	250.00
Payment of fine to Provincial Court	35	1,760.00
Community Improvements:		
Parking lot	24	56,049.52
Swimming pool	20	14,280.07
Ballfield	36	27,168.58
Purchase of garbage truck	29	15,000.00
Van expenses	26	9,193.78
Commercial fishing draw	38	3,600.00
Other:		
Payments to AVFN**	21	161,000.00
Bingo	16	60,432.62
GIC investments	31	50,000.00
Interfund transfers – tobacco	2	651.00
		$ 1,213,199.50

* Based on discussions with the AVBGC, remuneration to the Chair of the Gaming Commission and the Gaming Commissioners is based on 2% of net VLT revenue and the Gaming Manager's remuneration is 1% of net VLT revenue.

** Based on discussions with AVBGC, these payments were identified as reimbursement of expenses paid by the AVFN on behalf of the AVBGC.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Chapel Island First Nation Gaming Commission

Sources and Uses of Funds Analysis

August 24, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	2
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	3
Uses of Funds for Period Under Review	3
Restrictions and Limitations	4
Appendix A – Summary of Retailers, VLT Machines and Revenue Splits	
Appendix B – Expenditure Analysis	

Chapel Island First Nation Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Chapel Island First Nation Gaming Commission. The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Chapel Island First Nation Band ("CIFN").

The terms of the Gaming Agreement required a Gaming Commission to be established to represent the First Nation and to be the licensing and regulatory authority for gaming activities on the reserve. It is our understanding a Gaming Commission has not been established, but rather the Band Council has assumed this role and responsibilities. Throughout our report, we will refer to the gaming operations as the Chapel Island First Nation Gaming Commission ("CIFNGC").

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the CIFNGC. We did not assess the controls surrounding the computer system of CIFNGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Chapel Island First Nation reports directly to INAC on the uses of general band operations funds.

The Chapel Island First Nation maintains one general ledger for all of their operations, including all amounts relating to the CIFNGC.

Scope of Our Review

The following information was reviewed:

- ✓ CIFNGC bank statements and sample of cancelled cheques – Royal Bank of Canada account # , Branch # (St. Peters Branch);
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information dated June 26, 2000 as provided by Atlantic Lottery Corporation ("ALC");
- ✓ Chapel Island Gaming Commission audited financial statements for the years ended March 31, 2000 and March 31, 1999;

- ✓ Gaming agreement between the Province of Nova Scotia and the Chapel Island First Nation, dated January 1, 1998.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

The CIFNGC had authority over 44 video lottery terminals ("VLT"), all of which were not in operation during the year. Appendix A highlights the number of machines in use, the retailers and their period of operation.

ALC sends CIFNGC weekly financial reports per retailer each Wednesday (for the week ending on the previous Saturday). The ALC report summarizes the cash in, cash out, net revenue, retailer share and lottery share. On a weekly basis the CIFNGC prepares an invoice based on the net revenues times the CIFNGC share of net revenues (see Appendix A for share of net revenues). A spreadsheet is maintained by the First Nation's administrative staff, which records the information from the ALC weekly summaries, the retailer's share, CIFNGC share and the amounts paid.

The only deposits to the CIFNGC bank account were deposits from Marshall Enterprises. The remainder of the CIFNGC share of VLT revenue and share of Sydney Casino profits were deposited into the general bank account of the Band Council.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the CIFNGC's reported revenue from VLT operations to determine that appropriate amounts were recorded in CIFNGC's financial records. Due to the majority of the VLT revenues being deposited into the band's general administration account (i.e. all except those from Marshall Enterprises), for which we did not have access, we could not agree all deposits.

The following chart compares VLT net revenues for the weeks ending April 3, 1999 to April 1, 2000 as per ALC confirmation and those recorded in CIFNGC's records:

	Per ALC	Per CIFNGC Records	Difference
VLT net revenues	$ 690,970.25	$ 691,363.51	$ (393.26)

Included in the above amounts is $217,642 which was retained by the individual retailers.

The CIFNGC's reported revenue includes their allocation of Sydney Casino profits of $86,947.

Accounting System for Disbursements (Uses of Funds)

ALC automatically withdraws its commissions ($56 per week per machine) on a weekly basis from CIFNGC's bank accounts. All other expenditures of the CIFNGC were made out of the general bank account of the Band Council and coded to VLT expenditures in the Band Council's general ledger.

The Band Manager of the Chapel Island First Nation indicated expenditures made on behalf of the CIFNGC are subject to the same internal controls and cheque signing procedures as those for the administrative expenditures of the First Nation.

Uses of Funds for Period Under Review

Through discussions with the Band Manager and review of general ledger printouts for VLT expenditures, the uses of CIFNGC's funds were determined.

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

VLT Operations Expenditures		
ALC Commissions	$	83,944
Administration fees to CIFN		9,000
Professional fees		2,072
Insurance		2,024
Wages		15,644
Store operating expenses		11,121
Other		
Chapel Roofing and Furnishings		5,076
Sponsor trip to Costa Rica		1,000
Fishing traps		12,344
Purchase of Marshall Enterprises Store		85,000
Certificate of Possession - Land		50,000
Miscellaneous		60
	$	277,285

Appendix B highlights these expenditures by payee and description of the expenditure.

The following summarizes how the VLT operations were recorded in the CIFNGC:

VLT net revenues per client records	$ 691,363.51
CIFNGC share of Sydney Casino profits	
1999 allocation	86,947.50
Deferred from 1998 allocation	25,000.00
Retailers' share of net revenues	(217,642.00)
Expenditures (per Appendix B)	(280,377.00)
Remaining monies generated April 1, 1999 to March 31, 2000	$ 305,292.01

The remaining monies were deposited in the Band Council's general bank account and, as we did not have access to this account or the audited financial statements of the Chapel Island First Nation, we were unable to document the use of these funds.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Horton Mi'kmaq Gaming Commission

Sources and Uses of Funds Analysis

August 15, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	2
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	3
Uses of Funds for Period Under Review	4
Restrictions and Limitations	5
Appendix A – Reconciliation of Bank Deposits Compared to Atlantic Lottery Corporation Financial Information	
Appendix B – Summary of Bank Account Disbursements	

Horton Mi'Kmaq Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Horton Mi'kmaq Gaming Commission ("HMGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Horton First Nations ("HFN").

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of HMGC. We did not assess the controls surrounding the computer system of HMGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Horton First Nations reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ HMGC bank statements and sample of cancelled cheques – Scotiabank account #
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Audited financial statements for the years ended March 31, 1999 and March 31, 2000;
- ✓ Gaming agreement between the Province of Nova Scotia and HFN.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

There are a total of 18 video lottery terminals ("VLT") in operation on the Horton First Nations Reserve. These machines are 100% band owned and operated. They are situated in the Horton Variety Store which is located on the Reserve.

Atlantic Lottery Corporation sends HMGC weekly financial reports each Monday. The ALC report summarizes the cash in, cash out, net revenue, and lottery share. The store manager prepares a daily summary of money that came in and winning tickets paid out. In addition, the Band Manager prepares the same analysis independent of the store manager to ensure accuracy. HMGC reviews the printouts from ALC on a regular basis for reasonableness.

ALC automatically withdraws its share of net revenue per week from HMGC's bank account.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the HMGC's bank deposits. Refer to Appendix A for analysis.

Sydney Casino profit share is accounted for in the accounting records for the HMGC. The amounts received were deposited in the HMGC bank account on May 12, 1999.

The following chart summarizes sources of funds for April 1, 1999 to March 31, 2000:

	Total Bank Deposits	ALC Net Revenue (Appendix A)	Difference
HMGC	$174,306	$406,515	$232,209

Reconciliation of Difference

Total ALC revenue in excess of deposits per HMGC	$ 232,209
Deposit to bank regarding Sydney Casino profit	39,306
Unreconciled Difference	$ $271,515

The above difference is due to the way the revenue generated by the VLT machines are distributed. The Band owns the Horton Variety Store that is located on the Reserve. Revenue received at the variety store includes VLT revenue. The Chief and Council have agreed that, on a monthly basis, a minimum of $10,000 be paid to the HBGC for the administration of the Gaming Commission. The balance of VLT revenue remained in the

general funds of the Horton Variety Store and is under the direct control of the Horton First Nations Band membership.

We have not reviewed, or otherwise attempted to verify, the financial records, sources or uses of funds of the Horton Variety Store.

Appendix A provides a reconciliation of bank deposits compared to Atlantic Lottery Corporation financial information.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from HMGC include payments to:

- Individual Band Members
- Chief and Councillors
- Store related expenditures
- Bank of Nova Scotia

Cheques are prepared by the bookkeeper based on invoice and expense reports. Wages are not incurred directly by HMGC. Wages are paid by the Band-operated Horton Variety Store. Honorariums are paid to the Band Chief and Councillors for the operation of the HMGC. Products or services requiring approval before ordering are approved by the HMGC. The signing officers review invoices that are presented with the cheques, before cheques are signed.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of HMGC:

Shirley Clarke	Chief – Horton First Nations Band
Mike Halliday	Councillor
Janis Walker	Councillor
Lorraine Whitman	Councillor

Dual signatures are required to authorize a payment. From the review of cancelled cheques for the period of April 1, 1999 to March 31, 2000, the practice of dual signatures was followed. The authenticity of the signatures was not determined.

HMGC blank cheques are maintained in the gaming office. The blank cheques are kept in the safe. The gaming office is locked when employees are not present.

Bank reconciliations

Monthly bank reconciliations are performed by the Band Manager; however, the review by the individual independent of the bookkeeping function is not completed on a regular basis.

Recommendation: We recommend that the review of the bank reconciliation prepared by the Band Manager should be completed monthly.

Uses of Funds for Period Under Review

Through discussions with the Band Manager and review of bank statements, cancelled cheques, and general ledger printout, the uses of HMGC's funds were determined. Samples of cancelled cheques and supporting documentation, where available, were reviewed.

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

Distribution of Sydney Casino Profits to Band Members	$16,800
Bank charges and interest	169
Apple Blossom Festival expenses	4,192
Christmas bonuses to band members	2,000
Christmas bonuses to chief and councillors	20,000
Loan interest payments	2,162
Credit line principal payments	30,000
Purchase of Store	66,895
Repairs and Maintenance to Store	20,000
Professional fees	2,000
Youth dance initiative	400
	164,618
Payments to Horton First Nation Band	7,323
	$ 171,941

Appendix B provides a listing of bank account disbursements.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Millbrook Gaming Commission

Sources and Uses of Funds Analysis

August 25, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	2
Sources of Funds for Period Under Review	3
Accounting System for Disbursements (Uses of Funds)	3
Uses of Funds for Period Under Review	5
Restrictions and Limitations	5
Appendix A – Reconciliation of Bank Deposits Compared to Atlantic Lottery Corporation Financial Information	

Millbrook Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Millbrook Gaming Commission ("MGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Millbrook Band.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the MGC. We did not assess the controls surrounding the computer system of MGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Millbrook Band reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ MGC bank statements and sample of cancelled cheques – Royal Bank of Canada account # (April 1, 1999 to December 7, 1999) and Canadian Imperial Bank of Commerce account # (December 7, 1999 to March 31, 2000);
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Audited financial statements for the years ended March 31, 2000 and March 31, 1999;
- ✓ Gaming agreement between the Province of Nova Scotia and the Millbrook Band.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

There are a total of 110 video lottery terminals ("VLT") in operation on the Millbrook Band Reserve. Authority over these VLTs is as follows:

Location:	Number of VLTs:	Retailer:
Millbrook Treaty Gas – Cole Harbour	40	Millbrook Treaty Gas
Millbrook Treaty Gas – Truro Heights	20	Millbrook Treaty Gas
Millbrook Treaty Gas – James Street	18	Millbrook Treaty Gas (11); Jane Johnson (4); Steve Sylliboy (3)
Millbrook Treaty Gas – Sheet Harbour	8	Millbrook Treaty Gas
Millbrook Video	7	Bob Johnson
Abenaki Road	3	Steve Marshall
Cope's Variety	7	Roger Cope
Yvette's Variety	7	Yvette Paul

Millbrook Treaty Gas is a related entity which is owned by the Millbrook Band Council and is operated "in trust" by Lloyd Johnson. Lloyd Johnson is both an employee and a Councillor for the Millbrook Band Council.

Atlantic Lottery Corporation ("ALC") sends MGC weekly financial reports per retailer each Monday. The ALC report summarizes the cash in, cash out, net revenue, retailer share and lottery share. MGC prepares a weekly summary of money that came in from the VLT's and calculates the percentage owed to the Gaming Commission from the various retailers. For Millbrook Treaty Gas's Cole Harbour & Truro Heights locations the Gaming Commission receives 85% of the net proceeds. All other locations provide 60% of net proceeds to the Gaming Commission. MGC reviews the printouts from ALC on a periodic basis for reasonableness.

The Gaming Commission invoices the retailers on a weekly basis and receives payment in the form of cheques. All money received and subsequently deposited is handled independently from the accounting function. The revenue is recorded weekly in the Gaming Commission's general ledger.

ALC automatically withdraws its share of the net revenue per week from MGC's bank account.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the MGC's reported revenue from VLT operations to determine that appropriate amounts were recorded in MGC's financial records and deposited to MGC's bank accounts.

Sydney Casino profit share is accounted for in the accounting records of the MGC on an accrual basis. The amounts received relating to 1998 ($99,898.56) were deposited in the Millbrook Band Council's bank account on May 11, 1999 with the revenue being recorded in the books of MGC through an interfund transfer. The profit share for 1999 ($168,072.11) was still outstanding at March 31, 2000.

The VLT revenue recorded per ALC was compared to reported revenue of the MGC. The results were as follows:

ALC net revenue	$ 7,511,031
Commissions paid to Millbrook Treaty Gas	(1,344,605)
Commissions paid to other retailers	(380,107)
	5,786,319
Adjustment to Retailer # 9072 (Treaty Gas # 3 Cole Harbour) on June 12, 1999	(570)
Miscellaneous differences for rounding	12
Credit memo for returned cheque	(99)
	5,785,662
VLT revenue per Millbrook Gaming Commission financial statements	5,785,662
	$ -

Appendix A provides a reconciliation of bank deposits compared to Atlantic Lottery Corporation financial information.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from MGC include payments to:

- Millbrook Band Council
- Atlantic Lottery Corporation

ALC automatically withdraws its commissions ($56 per week per machine) on a weekly basis from MGC's bank accounts. All other expenditures of the MGC were made out of the general bank account of the Band Council and allocated to the MGC through inter-fund accounts in their corresponding general ledgers.

Products or services requiring approval before ordering are approved by the MGC and recorded in the minutes. The signing officers review invoices presented with cheques before the cheques are signed.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of MGC:

Lawrence Paul	Chief – Millbrook Band Council
Alex Cope	Councillor
Barry Gloade	Councillor
Barry Martin	Councillor
Lloyd Johnson	Councillor
Clara Gloade	Councillor
Angeline Paul	Employee
Jim Prodger	Financial Advisor

Dual signatures are required to authorize a payment. From the review of cancelled cheques for the period of April 1, 1999 to March 31, 2000, the practice of dual signatures was followed. The authenticity of the signatures was not determined.

MGC blank cheques are maintained in the office of the Band's financial advisor.

Bank reconciliations

The Band's financial advisor performs monthly bank reconciliations, however, they are not reviewed by a second individual on a regular basis.

Recommendation: A person independent of the bookkeeping function should review the reconciliations.

Uses of Funds for Period Under Review

Through discussions with the bookkeeper and review of bank statements and cancelled cheques, the uses of MGC's funds were determined. Samples of cancelled cheques and supporting documentation for expenses paid by the Millbrook Band Council Administration Fund on behalf of the MGC were reviewed.

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

ALC commissions	$ 320,320
Bank charges	160
Transfer to Millbrook Band Council to fund deficit	3,142,744
Transfer to Millbrook Band Council	622,920
Transfer to Millbrook Treaty Gas	309,984
	$ 4,396,128

The above transfer to the Administration Fund of $3,142,744 was required to eliminate the Fund's deficit for the year. The yearly deficit is a result of increased spending on economic development, learning and literacy programs for the youth, increased care for the elderly, grants to all members of the Band, and other programs to improve the overall lifestyle and economic conditions on the Reserve. The deficit is not a result of increased social spending as the Band's social expenditures are within the budget established by the Department of Indian Affairs and Northern Development.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or

revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Pictou Landing Band Council

Sources and Uses of Funds Analysis

September 14, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	1
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	2
Uses of Funds for Period Under Review	3
Restrictions and Limitations	3

Pictou Landing Band Council
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Pictou Landing Band Council ("PLBC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Pictou Landing Band.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the operations of the PLBC. We did not assess the controls surrounding the computer system of PLBC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Pictou Landing Band Council reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ PLBC bank statements for their economic development account – Bank of Montreal account #
- ✓ Audited financial statements for the years ended March 31, 2000 and March 31, 1999;
- ✓ Gaming agreement between the Province of Nova Scotia and the Pictou Landing Band Council.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

The gaming agreement between the Province of Nova Scotia and the PLBC allows the Band to operate 20 video lottery terminals. During the period from April 1, 1999 to March 31, 2000 the Band made the decision not to operate these machines. As a result, they do not maintain an accounting system for the video lottery terminals and have no source of funds to report for the period.

Sources of Funds for Period Under Review

The PLBC's only source of funds for the period of April 1, 1999 to March 31, 2000 was the Band's share of profits from the Sydney Casino, which were accounted for in the accounting records of the PLBC on an accrual basis. The amounts received were allocated to the Band's Economic Development Commission as the Band does not operate video lottery terminals and does not maintain a Gaming Commission.

The amounts received relating to 1998 ($55,068.60) were deposited in the PLBC's Economic Development bank account on May 11, 1999 and were recorded in the fiscal period ending March 31, 1999. The profit share for 1999 ($84,322.10) was recorded in the fiscal period ending March 31, 2000.

Accounting System for Disbursements (Uses of Funds)

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of the Pictou Landing Economic Development Commission:

Noel Martin	Band Manager
Wayne Denny	Councillor
Robert Francis	Councillor

Dual signatures are required to authorize a payment.

Pictou Landing Economic Development Commission blank cheques are maintained in the office of the Band Manager. The blank cheques are kept in a filing cabinet. The band office is locked when employees are not present.

Bank reconciliations

Monthly bank reconciliations for the economic development bank account are performed by the Band Manager; however, the reconciliations are reviewed only once a year, by the external auditor, as part of the yearly audit.

Uses of Funds for Period Under Review

Through discussions with the Band Manager and review of the audited financial statements for the year ending March 31, 2000, we determined the funds received from Sydney Casino were not used during the year. The Pictou Landing Economic Development Commission, on behalf of the PLBC, have set aside the funds to be used for future economic development projects. To date, no future projects have been identified.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Shubenacadie Band Gaming Commission

Sources and Uses of Funds Analysis

August 15, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	1
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	3
Uses of Funds for Period Under Review	4
Restrictions and Limitations	5
Appendix A – Reconciliation of Revenue per Atlantic Lottery Corporation Financial Information to Revenue Recorded in the General Ledger	
Appendix B – Reconciliation of Bank Deposits to Revenue	
Appendix C – Review of Bank Transactions	

Shubenacadie Band Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Shubenacadie Band Gaming Commission ("SBGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Shubenacadie Band ("SB").

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the SBGC. We did not assess the controls surrounding the computer system of SBGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Shubenacadie Band reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ SBGC bank statements and sample of cancelled cheques – Royal Bank of Canada account # and Canadian Imperial Bank of Commerce account #
- ✓ Sample of source documents, including invoices;
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Audited financial statements for the years ended March 31, 1999 and March 31, 2000;
- ✓ Gaming agreement between the Province of Nova Scotia and the Shubenacadie Band.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

There are a total of 41 video lottery terminals ("VLT") in operation on the Shubenacadie Band Reserve. Authority over these VLTs is as follows:

Location:	Number of VLTs:	Retailer:
Indian Brook Gaming Centre	14	Shubenacadie Band
J. R.'s Variety	4	James Francis
Indian Brook Gas Bar (Dec 1 - Mar 31); Maloney Fuels (Apr 1 - Nov 30)	12	Shubenacadie Band (Dec 1- Mar 31); Thomas Maloney (Apr 1 - Nov 30)
Indian Brook Rentals (Dec 1 - Mar 31); C.J.'s Pizza (Apr 1 - Nov 30)	11	Shubenacadie Band (Dec 1- Mar 31); Karl Sack (Apr 1 - Nov 30)

Atlantic Lottery Corporation sends SBGC weekly financial reports each Monday. The ALC report summarizes the cash in, cash out, net revenue, and lottery share. SBGC prepares a daily summary of money that came in and winning tickets paid out. SBGC reviews the printouts from ALC on a periodic basis for reasonableness. SBGC sends, by fax, invoices to retailers for amounts due to the SBGC. The SBGC retains 64.4% of net VLT revenue; retailers keep the remaining 35.6% of net VLT revenue. Prior to December 1, 1999, the SBGC retained 100% of net VLT revenue from the Indian Brook Gaming Centre.

ALC automatically withdraws its share of net revenue per week from SBGC's bank account. During the period under review, this amount totaled $119,392 and is the amount reflected in the SBGC general ledger.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the SBGC's reported revenue and expenses from VLT operations to determine that appropriate amounts were recorded in SBGC's financial records and were deposited to SBGC's bank accounts.

Sydney Casino profit share is not accounted for in the accounting records for the SBGC. The casino profit share is deposited into the Band general account and used to fund Band activities at the discretion of the Band Council.

The following chart summarizes sources of funds for April 1, 1999 to March 31, 2000:

	Bank Deposits	ALC Net Revenue Deposits (Appendix B)	Difference
SBGC	$670,271	$523,001	$147,270

Reconciliation of Difference

Total SBGC deposits in excess of revenue deposits per ALC	$ 147,270
Transfer from Royal Bank to CIBC	(35,000)
Transfer to Tobacco Shop	(108,834)
Indian Brook bingo revenue	(2,068)
Unreconciled Difference	$ 1,368

Appendix A provides a reconciliation of revenue per Atlantic Lottery Corporation financial information to revenue recorded in the general ledger. Appendix B provides a reconciliation of bank statement deposits to recorded revenue per the general ledger.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from SBGC include payments to:

- Shubenacadie Band Council
- Atlantic Lottery Corporation

Cheques are prepared by the bookkeeper based on cheque requisitions. Wages are paid by the Band and reimbursed by the SBGC through an inter-fund account. Products or services requiring approval before ordering are approved by the SBGC. Very few invoices were available to be reviewed to support expenditures made by the SBGC.

Recommendation: Invoices for approved expenditures should be maintained at the SBGC office in order to provide sufficient support for authorized expenditures. The invoices should be matched to cheque requisitions and both presented at cheque signing.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of SBGC:

One of the following:	
Doreen Knockwood	Director of Operations
Thomas Maloney	Councillor
Plus one of the following:	
Kenny Ansen, CA	Co-Management
Bob MacGillvray	Band Member
John Bower	Band Member (deceased)

Dual signatures are required to authorize a payment. From the review of cancelled cheques for the period of April 1, 1999 to March 31, 2000, the practice of dual signatures was followed. The authenticity of the signatures was not determined.

SBGC blank cheques are maintained in the gaming office. The blank cheques are kept in the filing cabinet. The gaming office is locked when employees are not present.

Bank reconciliations

Bank reconciliations are performed by the bookkeeper and/or financial advisor on an irregular basis. They are not reviewed by a second individual on a consistent basis.

Recommendation: Bank reconciliations should be performed on a monthly basis. The reconciliations should be reviewed by a person independent of the bookkeeping function.

Uses of Funds for Period Under Review

Through discussions with the bookkeeper and review of bank statements, cancelled cheques and general ledger printout, the uses of SBGC's funds were determined. Samples of cancelled cheques and supporting documentation, where available, were reviewed.

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

Shubenacadie Band Gaming Commission
Sources and Uses of Funds Analysis

	RBC Acct	CIBC Acct
Disbursements related to VLT operations		
Bank Charges	$ 1,820	$
Cash on Hand	672	
Gambler's Anonymous	942	600
Miscellaneous		2,413
Office supplies		863
Rent	17,400	
Telephone	1,482	
ALC Commissions	91,840	27,552
Wages	150	1,266
Payments to Shubenacadie Band re payment of expenses	48,253	
Other		
Payments to Shubenacadie Band re budget shortfall	370,000	
Transfer to CIBC account	35,000	
Payments to Shubenacadie Band re tobacco shop	54,426	
	$ 621,985	$ 32,694

Appendix C provides a listing of bank account disbursements.

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Wagmatcook First Nation Gaming Commission

Sources and Uses of Funds Analysis

August 23, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	1
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	2
Uses of Funds for Period Under Review	3
Restrictions and Limitations	4
Appendix A – Reconciliation of Bank Deposits Compared to Atlantic Lottery Corporation Financial Information	

Wagmatcook First Nation Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Wagmatcook First Nation Gaming Commission ("WFNGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Wagmatcook First Nation Band.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the WFNGC. We did not assess the controls surrounding the computer system of WFNGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Wagmatcook First Nation Band reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ WFNGC bank statements and sample of cancelled cheques – TD Bank accour
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Wagmatcook Gaming Commission audited financial statements for the years ended March 31, 2000 and March 31, 1999;
- ✓ Gaming agreement between the Province of Nova Scotia and the Wagmatcook First Nation Band.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

The WFNGC provides licenses for the video lottery terminals to various independent retailers on the reserve upon request. During the period under review, the WFNGC provided a total of 28 licenses to four retailers. As of March 31, 2000 only 24 licenses were still in use, 10 at N&N Quickway, 8 at Indian Bay Convenience and 6 at Steve's Canteen. These retail outlets are not under the control of the WFNGC or the Wagmatcook First Nation ("WFN").

The WFNGC receives 50% of the net revenues from each retailer for use of the licenses. The Atlantic Lottery Corporation (ALC) sends WFNGC weekly financial reports per retailer each Monday. The ALC report summarizes the cash in, cash out, net revenue, retailer share and lottery share. WFNGC prepares a weekly summary from the ALC reports detailing the WFNGC's share of the net revenues. The weekly summaries are kept on a spreadsheet that is totaled for the year and reconciled against ALC totals.

The WFNGC also charges each retailer a commission of $10 per machine per week to recover some of the $56 per machine per week paid to the ALC. As well, all of the remaining revenue is payable to the WFN to compensate for the use of the licenses held by WFN. There is no set time that this money must be paid to the Band and is paid whenever the Band requires funding.

ALC automatically withdraws its share of net revenue per week from WFNGC's bank account.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the WFNGC's reported revenue to determine that appropriate amounts were recorded in WFNGC's financial records and were deposited to WFNGC's bank accounts.

Sydney Casino profit share is accounted for in the accounting records of the WFNGC.

The following chart summarizes sources of funds for April 1, 1999 to March 31, 2000:

ALC Net Revenue and Commissions from Retailers	$ 143,929
Sydney Casino Profits	63,167
	$ 207,096

Appendix A provides a reconciliation of bank deposits compared to Atlantic Lottery Corporation financial information.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from WFNGC include payments to:

- Atlantic Lottery Corporation
- Wagmatcook First Nation Capital Fund
- Wagmatcook First Nation General Fund

Cheques are prepared by the accountant whenever a payment is requested by the WFN. When it is a payment to the Band, invoices are not prepared for these payments. The only other payment during the period under review was for professional fees and an invoice was provided for review with the cheque.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of WFNGC:

Marie Louise Bernard	Chief
Allan MacNeil	Accountant
Janie Stevens	Manager, Community Support Program

Dual signatures are required to authorize a payment. From the review of cancelled cheques for the period of April 1, 1999 to March 31, 2000, the practice of dual signatures was followed, however in several cases only one of the signatures was an actual signing officer. The authenticity of the signatures was not determined.

WFNGC blank cheques are maintained in the Finance office. The blank cheques are kept in the filing cabinet. The office is locked when employees are not present.

Recommendation: Only individuals authorized to sign cheques should be signing the cheques.

Bank reconciliations

Monthly bank reconciliations are performed by the accountant, however, they are not reviewed by a second individual on a regular basis.

Recommendation: Bank reconciliations should be reviewed monthly by a person independent of the bookkeeping function.

Uses of Funds for Period Under Review

Through discussions with the accountant and review of bank statements and cancelled cheques, the uses of WFNGC's funds were determined.

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

Disbursements related to VLT operations		
ALC commissions	$	34,832
Professional Fees		700
Bank Charges		73
Other		
Payments to WFN Capital Fund		94,000
Payments to WFN General Fund *		63,167
	$	192,772

* **This payment to Wagmatcook First Nation General Fund represents the disbursement of the funds received from the Province relating to the Sydney Casino.**

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Waycobah First Nation Gaming Commission

Sources and Uses of Funds Analysis

August 24, 2000

Contents

	Page
Introduction	1
Scope of Our Review	1
Accounting System for Video Lottery Terminal Receipts (Sources of Funds)	1
Sources of Funds for Period Under Review	2
Accounting System for Disbursements (Uses of Funds)	2
Uses of Funds for Period Under Review	3
Restrictions and Limitations	4
Appendix A – Reconciliation of Bank Deposits Compared to Atlantic Lottery Corporation Financial Information	

Waycobah First Nation Gaming Commission
Sources and Uses of Funds Analysis

Introduction

Grant Thornton LLP was engaged by the Province of Nova Scotia – Office of Aboriginal Affairs to perform a financial analysis on accounting information in order to determine sources and uses of funds for the Waycobah First Nation Gaming Commission ("WFNGC"). The period under review was April 1, 1999 to March 31, 2000. We were not engaged to assess whether the uses of funds were in compliance with the Gaming Agreement between the Province of Nova Scotia and the Waycobah First Nation Band.

Prior to commencing the financial analysis, we performed a preliminary review of the internal controls relating to the gaming operations of the WFNGC. We did not assess the controls surrounding the computer system of WFNGC.

This review does not extend to general band operations, the funding for which is provided by Indian and Northern Affairs Canada ("INAC"). The Waycobah First Nation Band reports directly to INAC on the uses of general band operations funds.

Scope of Our Review

The following information was reviewed:

- ✓ WFNGC bank statements and sample of cancelled cheques – Royal Bank of Canada account #
- ✓ Video lottery financial and terminal count information provided by Atlantic Lottery Corporation ("ALC");
- ✓ Waycobah First Nation audited consolidated financial statements for the years ended March 31, 1999 and March 31, 2000
- ✓ Gaming agreement between the Province of Nova Scotia and the Waycobah First Nation Band.

Accounting System for Video Lottery Terminal Receipts (Sources of Funds)

The WFNGC provides licenses for the video lottery terminals to retailers on the reserve upon request. During the period under review, the WFNGC provided a total of 44 licenses to three retailers. As of March 31, 2000, only 38 licenses were still in use, 33 at Rod's One Stop and five at Cecil's Pizza Shop. Rod's One Stop is owned and operated by the Waycobah First Nation Band ("WFNB"). Cecil's Pizza Shop is owned and operated by Cecil Condo.

Atlantic Lottery Corporation sends WFNGC weekly financial reports per retailer each Monday. The ALC report summarizes the cash in, cash out, net revenue, retailer share and lottery share. WFNGC prepares invoices each week from the ALC report detailing their share of the net revenue. The WFNGC charges the retailers $56 per machine per week to cover the commissions charged by the ALC. The remaining net revenue is shared equally, 50% for each of the retailers and the WFNGC.

ALC automatically withdraws its share of net revenue per week from WFNGC's bank accounts.

Sources of Funds for Period Under Review

VLT financial information from ALC was compared to the WFNGC's reported revenue to determine that appropriate amounts were recorded in WFNGC's financial records and were deposited to WFNGC's bank accounts.

Sydney Casino profit share is not accounted for in the accounting records for the WFNGC. The casino profit share is deposited into the Band general account and is used to fund Band activities at the discretion of the Band Council.

The following chart summarizes sources of funds for April 1, 1999 to March 31, 2000:

ALC Net Revenue and Commissions Received from Retailers	$	539,184
Miscellaneous		2,868
Funds received from Rod's One Stop for the Band		47,000
	$	589,052

Appendix A provides a reconciliation of bank deposits compared to Atlantic Lottery Corporation financial information.

Accounting System for Disbursements (Uses of Funds)

Documentation to support payment

The majority of disbursements from WFNGC include payments to:

- Atlantic Lottery Corporation

The ALC withdraws its commissions weekly from the WFNGC's bank account. WFNGC reconciles the ALC reports against the bank statements to ensure the proper amounts were withdrawn.

Cheque signing authority

The following individuals are authorized to sign cheques on behalf of WFNGC:

One of the following:	
Graham Hudson	Band Manager
Kenny Ansems, CA	Co - manager
Jim Prodger	Co - manager
Plus any one of the following:	
Chief Morley Googoo	Chief
Marie Sylliboy	Manager of Revenue
Patricia MacRury	Social Director

Dual signatures are required to authorize a payment. However, during the period under review there were no cheques written from the WFNGC's bank account.

WFNGC blank cheques are maintained in the Band Finance office. The blank cheques are kept in the filing cabinet. The Finance office is locked when employees are not present.

Bank reconciliations

Monthly bank reconciliations are performed by one of the co-managers, however, they are not reviewed by a second individual on a regular basis.

Recommendation: Bank reconciliations should be reviewed by a person independent of the bookkeeping function.

Uses of Funds for Period Under Review

Through discussions with the co – manager and review of bank statements, the uses of WFNGC's funds was determined.

Waycobah First Nation Gaming Commission
Sources and Uses of Funds Analysis

The following chart summarizes the uses of funds for April 1, 1999 to March 31, 2000:

Disbursements related to VLT operations	
ALC commissions	$ 133,280
Bank charges	20
	$ 133,300

Restrictions and Limitations

This report has been prepared at the request of the Province of Nova Scotia – Office of Aboriginal Affairs.

We acknowledge that the Province of Nova Scotia is bound by the Freedom of Information and Protection of Property Act and agree that the Province of Nova Scotia may use its sole discretion in any determination of whether, and if so in what form, this report may be required to be released under this Act.

We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information, which becomes known to us after the date of this Report.

Yours very truly,

Grant Thornton LLP

Susan D. MacMillan, FCA, CFE
Partner